

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 160 - HB 183

January 27, 2023

SUMMARY OF BILL: Defines “political action committee” (PAC) which replaces “political campaign committee” (PCC) in regards to campaign finance law. Deletes the definition of a multicandidate PCC and removes the registration fee for such PCCs.

Requires the report of expenditures filed by a PAC to the Registry of Election Finance (Registry) to include all amounts paid by the PAC from received contributions. Clarifies that all credit transactions incurred on behalf of a candidate’s campaign or officeholding activities are separate from other personal credit transactions. Expands the prohibition on transferring funds or assets between certain different campaign accounts.

Revises the process for filing and investigating complaints against candidates and PACs with the Registry and the Attorney General’s (AG) involvement in that process. Requires the Registry’s annual report concerning the administration and enforcement of disclosure laws be submitted to the Governor and Tennessee General Assembly (TGA) by July 1, rather than January 15, of each year.

Establishes certain limitations on contributions for candidates for state or local public office or elected state or local public office holders. Creates a Class 2 offense for such candidates who do not file newly required campaign account banking statements. Prohibits a PAC from making or receiving contributions if it owes a civil penalty. Prohibits the treasurer and officers of such delinquent PAC from creating another PAC or serving as a treasurer or an officer for another PAC until such penalty and all related costs are paid in full.

FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- A PCC is: (1) a corporation or any other organization making expenditures to support or oppose a measure; or (2) a committee, club, corporation, association, or other group or persons that receives contributions or makes expenditures to support or oppose any candidate for public office or measure during a calendar year in an aggregate amount exceeding \$1,000. A multicandidate PCC means a PCC to support or oppose two or more candidates for public office or two or more measures.

SB 160 - HB 183

- The proposed legislation replaces PCCs with PACs, deletes multicandidate PCCs, and defines a PAC as: (1) a club, corporation, association, or other group of persons that receives contributions or makes expenditures to support or oppose a measure; or (2) a club, corporation, association, or other group of persons that receives contributions or makes expenditures to support or oppose two or more candidates for public office during a calendar year, and the contributions or expenditures in the aggregate exceed \$2,000.
- The proposed revisions will not significantly impact operations of the Registry.
- Although the proposed legislation removes the registration fee for multicandidate PCCs, the Registry currently does not collect a registration fee. Therefore, the legislation is simply codifying an existing practice and will not result in any impact on state revenue.
- Pursuant to Tenn. Code Ann. §§ 2-10-119 and 2-10-310(c), transfers of funds from a candidate's campaign committee or account for a federal election to a PCC of or for such candidate for public office in this state is prohibited, and excess funds for election to a local public office are not eligible for transfer to a campaign account for election to the TGA or Governor.
- The proposed legislation clarifies that transfers of funds or assets from a candidate's campaign account or a PAC controlled by a candidate for a federal election to a candidate's campaign account or a PAC controlled by a candidate for an election for a state or local public office in this state are prohibited.
- The proposed legislation also establishes that transfers of excess funds or assets from a candidate's accounts for election to a local public office to accounts of for such candidate in an election to the TGA or Governor in this state, or to federal office, are prohibited.
- The proposed expansion of the prohibitions on transferring funds or assets between certain different campaign accounts is not anticipated to result in a significant increase in state revenue from penalties imposed due to violations of the prohibitions.
- The revised process for filing and investigating complaints can be accommodated within existing resources and personnel of the Registry and the AG, without a significant impact on their operations.
- The proposed limitations on campaign contributions and activities for certain public office candidates, public office holders, or PACs and PACs' treasurers and officers can be enforced by the Registry utilizing existing resources without a significant increase in expenditures.
- A Class 2 offense is punishable by a maximum civil penalty of not more than \$10,000, or 15 percent of the amount in controversy if such percentage is greater than \$10,000. It is assumed that the creation of the new Class 2 offense will not result in a significant increase in state revenue.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/cd